

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to \$100,000

NCUA

*National Credit Union Administration
a U.S. Government Agency*

FINANCIAL HIGHLIGHTS SEPTEMBER 30, 2003

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
September 30, 2003

Balance Sheet:

Due from Credit Unions — of \$214.6 million represents the amount of one percent deposit adjustments due from credit unions on October 17, 2003.

Other Receivables: Recoveries from Liq. CU — increased to \$15.2 million due primarily to new receivables established by AMAC from the liquidation of a credit union in Region III.

Cash — includes \$6.1 million in collections on one percent deposit adjustments received after the overnight investment was made on Tuesday, September 30, 2003.

Prepaid & Deferred Charges — is \$.7 million for September. \$7.5 million was transferred to the operating fund to cover 62% of the agency's operating costs. September's actual operating costs were \$6.8 million.

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

Accounts Payable: Liquidation Claims — increased to \$12.3 million due primarily to the payable established by AMAC for a liquidated credit union in Region III.

Provision for Credit Union Losses (Reserves) — of \$66.8 million includes new reserves of \$2.4 million that were added for September.

NCUSIF Equity — increased to 1.28% for September due to an increase in contributed capital and net income. The equity ratio is based upon an insured share base of \$475.0 billion for June 30, 2003.

Statement of Revenue and Expense:

NCUSIF Total Operating Expense — of \$6.9 million includes \$95 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — is \$2.4 million for September. \$1.5 million is an increase to the National Pool Reserve and \$.9 million is for new reserves or reserve increases for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
SEPTEMBER 30, 2003

ASSETS	SEPTEMBER 2002	AUGUST 2003	SEPTEMBER 2003
Investments:			
U.S. Government Securities	\$5,288,950,392.99	\$5,787,972,354.84	\$5,835,047,449.12
Advances to Credit Unions:			
Capital Notes (NCUSIF Subordinated Notes)	0.00	0.00	0.00
Share Deposits	0.00	0.00	0.00
Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	242,177,103.40	89,013.90	214,588,594.00
Loans due to NCUSIF	0.00	1,711,419.24	1,711,419.24
Recoveries from Liq. CU	12,211,635.26	12,959,010.59	15,229,147.75
Total Other Receivables	254,388,738.66	14,759,443.73	231,529,160.99
Cash	8,499,259.65	5,297.25	6,088,175.58
Interest Receivable	76,340,714.42	46,770,549.49	57,268,666.13
Prepaid & Deferred Charges	1,098,198.51	1,208,124.76	696,176.39
Leased Assets	163,460.66	990,868.00	956,379.71
Other	29,432,783.45	26,930,495.53	26,818,750.74
TOTAL ASSETS	\$5,658,873,548.34	\$5,878,637,133.60	\$6,158,404,758.66
LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$5,537,018.93	\$8,452,741.50	\$12,259,940.35
Other	13,009.80	2,399.28	16,097.84
Check Clearing Accounts	6,817.15	1,297.40	487.44
Dividend Check Clearing	0.00	0.00	0.00
Total Current Liabilities	5,556,845.88	8,456,438.18	12,276,525.63
Provision for CU Losses (Reserves)	47,125,926.78	65,979,026.13	66,809,414.61
Lease Liabilities	326,180.90	1,036,492.93	1,037,991.96
TOTAL LIABILITIES	53,008,953.56	\$75,471,957.24	\$80,123,932.20 1/
EQUITY			
CU Contributed Capital	4,287,776,700.92	\$4,430,773,203.93	\$4,704,447,037.73
Retained Earnings	1,318,087,893.86	1,372,391,972.43	1,373,833,788.73
TOTAL EQUITY	5,605,864,594.78	\$5,803,165,176.36	\$6,078,280,826.46
TOTAL LIABILITIES & EQUITY	\$5,658,873,548.34	\$5,878,637,133.60	\$6,158,404,758.66

COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending September 30, 2003

	SEP 02	AUG 03	SEP 03
1. Investments/Total Assets	93.46%	98.46%	94.75%
2. Total Equity/Insured Shares	1.29%	1.22%	1.28%
3. Prov. for Losses/CU Capital	1.10%	1.49%	1.42%
4. Non-Earning/Total Assets	6.02%	1.08%	4.88%
5. Available Asset Ratio	1.23%	1.21%	1.22%

1/ Does not include unreserved contingent liabilities of \$0 in asset guarantees, and \$0 in outstanding line of credit guarantees.

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING SEPTEMBER 30, 2003

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	FY TO DATE 2003	FY TO DATE BUDGETED 2003	FY TO DATE 2002
Investment Income	\$10,732,895.71	\$14,100,000.00	\$119,117,919.81	\$129,500,000.00	\$163,304,582.24
Other Income	50,729.54	75,000.00	633,956.71	690,000.00	960,353.77
Total Income	10,783,625.25	14,175,000.00	119,751,876.52	130,190,000.00	164,264,936.01
EXPENSE					
Employee Pay	4,260,891.96	4,646,477.03	\$39,074,452.17	41,195,342.46	39,587,327.45
Employee Benefits	1,016,043.20	1,141,431.42	\$9,266,761.60	10,127,629.36	9,217,557.45
Employee Travel	564,436.19	660,211.54	\$4,511,876.23	5,941,903.90	4,694,834.53
Rent/Communications/Utilities	244,918.85	227,221.49	\$1,837,135.57	2,044,993.41	1,686,323.22
Administrative Costs	404,714.53	587,928.34	\$3,692,840.67	5,291,355.08	3,730,249.93
Contracted Services	312,818.88	350,523.95	\$1,948,331.92	3,154,715.52	2,014,153.63
Subtotal NCUA Operating Exp.	6,803,823.61	7,613,793.77	60,331,398.16	67,755,939.73	60,930,446.21
AMAC Expense	25.68	1,250.00	26,943.46	11,250.00	5,075.79
Training Expense	55,967.87	100,000.00	940,858.00	900,000.00	924,767.18
Leasing Expense	35,987.32	49,400.00	445,991.32	444,600.00	607,695.62
Other Insurance Expense	3,004.47	17,500.00	138,560.65	157,500.00	157,651.51
Total Operating Exp.	6,898,808.95	7,781,943.77	61,883,751.59	69,269,289.73	62,625,636.31
Insurance Loss	2,443,000.00	2,000,000.00	23,961,468.73	18,000,000.00	6,880,060.00
Total Expense	9,341,808.95	9,781,943.77	85,845,220.32	87,269,289.73	69,505,696.31
NET INCOME	\$1,441,816.30	\$4,393,056.23	\$33,906,656.20	\$42,920,710.27	\$94,759,239.70
Retained Earnings, Beginning of Year			\$1,339,927,132.53		\$1,223,328,654.16
Prior Year Adjustment			0.00		0.00
As Restated			1,339,927,132.53		1,223,328,654.16
Net Income			33,906,656.20		94,759,239.70
Dividends			1,373,833,788.73		1,318,087,893.86
Retained Earnings, End of Year			\$1,373,833,788.73		\$1,318,087,893.86

Comparative Analysis of NCUSIF Ratios for September 30, 2003

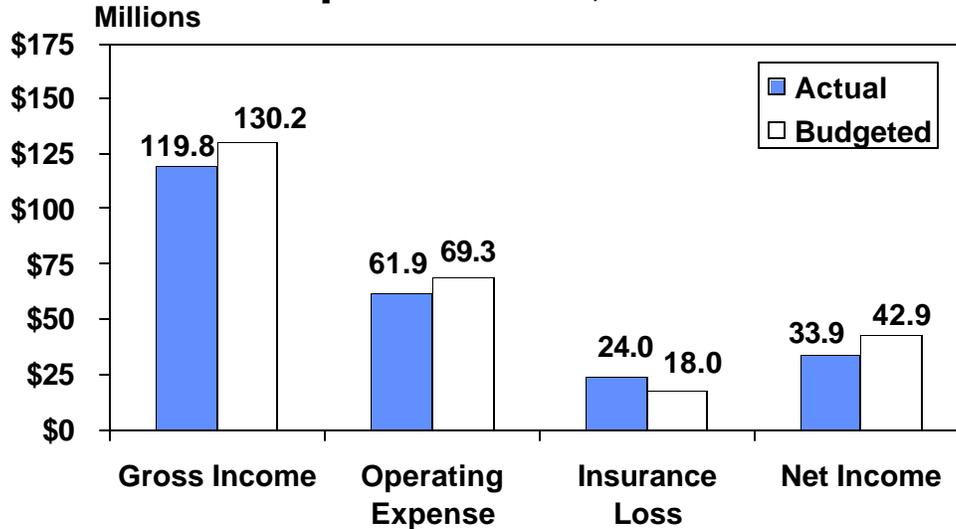
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR FYTD	CURRENT FYTD
1. Oper. Exp./Total Income	54.84%	63.97%	38.12%	51.68%
2. Ins. Loss/Total Income	34.39%	22.65%	4.19%	20.01%
3. Total Exp./Total Income	89.23%	86.63%	42.31%	71.69%
4. Net Income/Total Income	10.77%	13.37%	57.69%	28.31%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.01%

TABLE 3 - STATEMENT OF CASH FLOWS
September 30, 2003

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$131,022,100.40
Other income received	(1,077,462.53)
Cash paid for operating expenses	(86,751,295.12)
Net cash (paid) received for insurance losses	<u>25,486,009.60</u>
Net cash provided by operating activities	68,679,352.35
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(291,200,774.19)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>2,213,934.88</u>
Net cash provided by (used in) investing activities	(288,986,839.31)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	226,389,855.19
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	226,389,855.19
NET INCREASE (DECREASE) IN CASH	6,082,368.23
CASH, BEGINNING OF YEAR	5,807.35
CASH, ENDING September 30, 2003	<u><u>\$6,088,175.58</u></u>

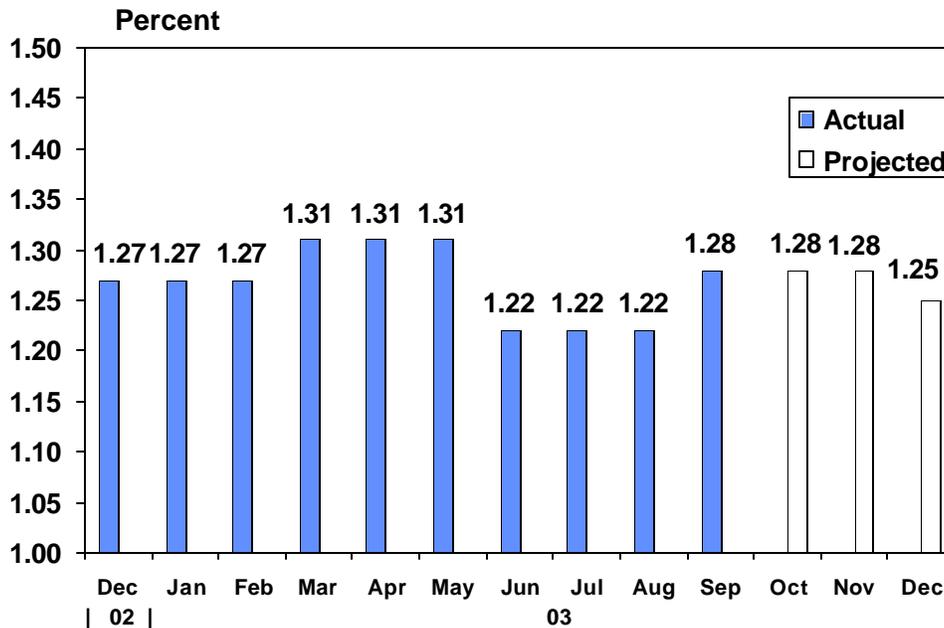
REVENUE AND EXPENSE

September 30, 2003



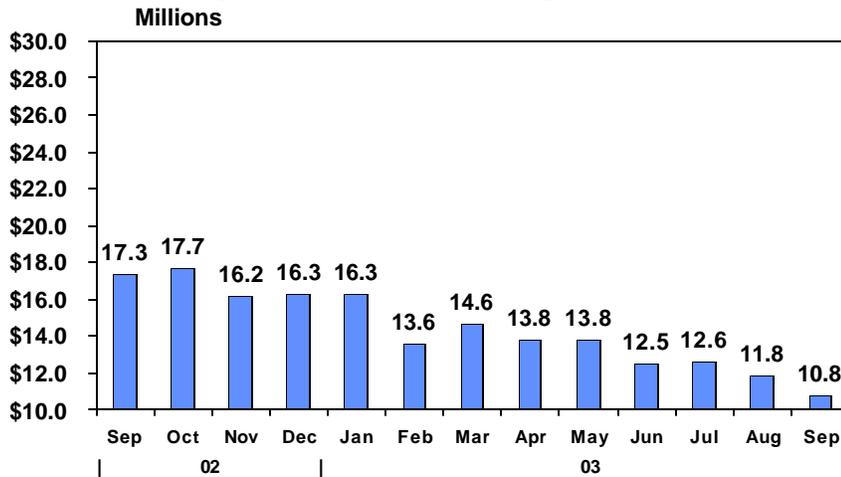
NCUSIF EQUITY RATIO

September 30, 2003



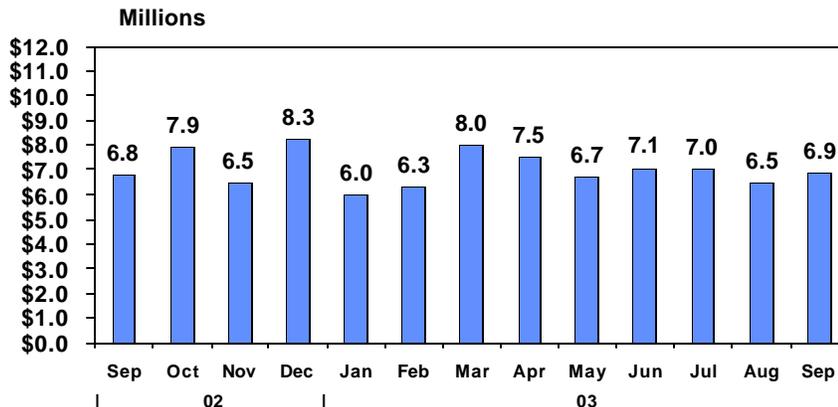
GROSS INCOME

September 02 – September 03



OPERATING EXPENSES

September 02 – September 03



INSURANCE LOSSES

September 02 – September 03

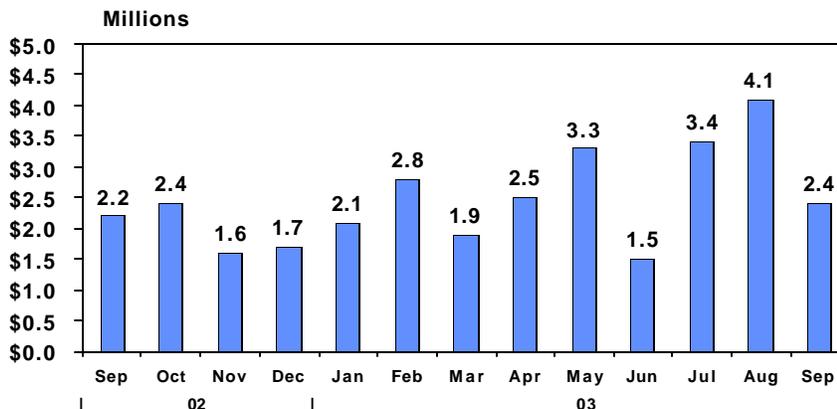


TABLE 4

INVESTMENT PORTFOLIO SUMMARY

September 30, 2003

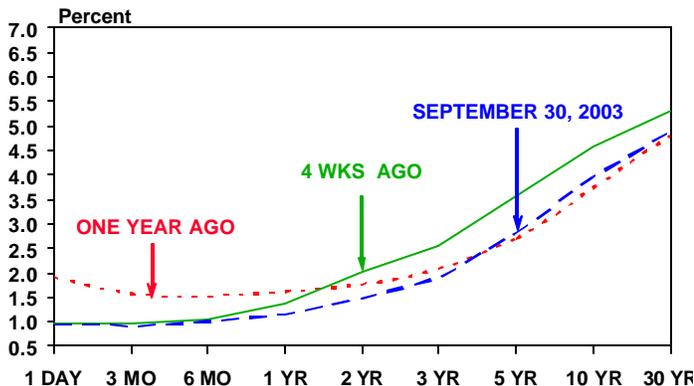
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,706,912,000	\$1,706,912,000	\$0	100.0%	0.99%
U.S. Treasury Notes	\$4,128,135,450	\$4,168,625,000	\$40,489,550	101.0%	2.49%
TOTAL	\$5,835,047,450	\$5,875,537,000	\$40,489,550	100.7%	2.22%

II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY03 Projections
Investment Yield	2.35%	2.21%	2.76%	3.00%
Investment Income	\$11,734,603	\$10,732,896	\$119,117,920	172 Million
Income Budgeted	\$14,100,000	\$14,100,000	\$129,500,000	172 Million
Income/Budgeted Ratio	83.2%	76.1%	92.0%	100.00%
Avg. Maturity in Days	361	350	344	

III. MONTHLY ACTIVITY				
Purchase	Type	Amount	Maturity	Yield
TOTAL		\$0		

IV. MATURITY SCHEDULE (par value in millions)	
3 months or less	2,306.9
3 months - 1 year	1,700.0
1 year - 2 years	1,400.0
2 years - 3 years	300.0
3 years - 4 years	0.0
TOTAL	5,706.9

TREASURY YIELD CURVE



MATURITY SCHEDULE

September 30, 2003

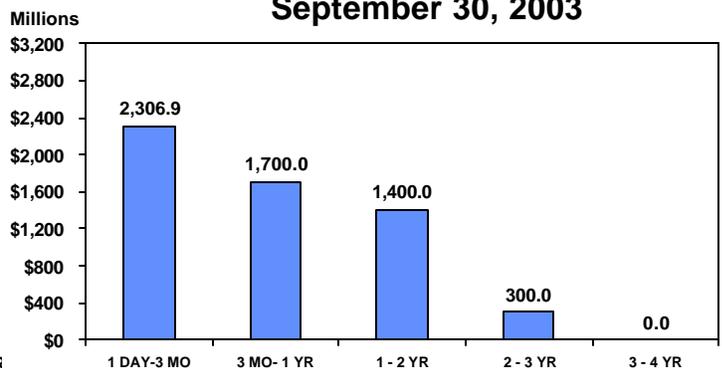


TABLE 5

INTEREST RATE COMPARISONS

September 30, 2003

INTEREST RATE COMPARISONS								
	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03
NCUSIF Yield	3.12%	3.01%	2.88%	2.76%	2.58%	2.52%	2.35%	2.21%
90 day T-Bill	1.19%	1.11%	1.11%	1.10%	0.89%	0.94%	0.96%	0.91%
1 year T-Bill	1.30%	1.24%	1.24%	1.17%	1.06%	1.33%	1.38%	1.15%
2 year T-Note	1.54%	1.50%	1.47%	1.35%	1.29%	1.92%	2.04%	1.47%
30 year T-Note	4.69%	4.81%	4.75%	4.39%	4.55%	5.46%	5.30%	4.88%

**INTEREST RATE COMPARISONS
SEPTEMBER 30, 2003**

